1952.

File No. Charged Expenditure II/52(1)

Legal Department

B BRANCH

P.w.D. 1952

Subject:— Notifications under the Bombay Charged Expenditure Act, 1950

File No. Charged Expenditure II/52(1)

Legal Department.

The draft at page 13 ante sent by the Department for scrutiny does not contain any new provisions or conditions than those contained in section 5A of the Bombay Charged Expenditure Act, 1950, itself. What is necessary to be done by Government is to grant its approval to a Society for the purposes of this section and to lay down any further conditions which Government wants to impose while giving the guarantee specified in the said section.

It appears to be the intention that the Society should be governed by the ~~xxxxx~~ conditions referred to in the D.D. G.R. No. CSH.2452, dated the 16th October 1952. Conditions (2) to (8) of paragraph 1 and the provisions of paragraph 2 of the Government Resolution may be reproduced as formally amended in the notification proposed to be issued.

It seems that the guarantee in condition (4) is a perpetual guarantee not limited in duration. Condition (4) in the G.R. is therefore revised accordingly.

As regards condition (9), the R.L.A. has already advised in his opinion No.3900, dated the 13th March 1952, that if certain words are deleted from condition (9) the remaining part would be in order. These words however appear in the D.D. G.R. No.CSH 2452, dated the 16th October 1952. In the subsequent opinion No.16144/E dated the 1st October 1952 at page 19, the R.L.A. only advised that it will be possible to exempt the Society from the provisions of rule 48. It is understood that the question of exempting the Society from the provisions of rule 48 is under consideration of Government. The necessary notification may first be issued and condition (9) may be worded as shown in the revised draft. Condition (9) in the Government Resolution may be suitably amended. The Development Department may verify whether the proposal is free from objection from the administrativ

point of view.

A revised draft is ~~xxxx~~ accordingly sent herewith.

Id/-B.P.D. 5/12
Additional Deputy Secretary to Government.

U.R. to D.D. No. 20424/B dated the 5th December 1952.

BKS.

3/7/~~5~~4c.

Development Department,
Bombay Castle, December 1952.

ORDER.

Bombay Charged Expenditure Act, 1950.

No. .- Whereas the Bombay Co-operative Housing Finance Society, Limited, has agreed to comply with the conditions specified in sub-section (2) of section 5A of the Bombay Charged Expenditure Act, 1950 (Bom. LVI of 1950);

Now, therefore, in exercise of the powers conferred by section 5A of the said Act, the Government of Bombay is pleased to approve the said Bombay Co-operative Housing Finance Society, Limited, for the purposes of the said section and to give the guarantee specified therein to all the share holders of the said Society, subject to the provisions of the Bombay Co-operative Societies Act, 1925 (Bom. VII of 1925) and subject to the following further conditions, namely :-

(1) The Government shall pay to the Society on behalf of and as trustee for its members every year such amounts as fall short to enable the Society to distribute to its members from its net profit an yearly dividend at the rate of 3½ per cent. per annum on the total subscribed ordinary shares of the society, not exceeding the face value of Rs. 1 crore.

Explanation:- Net profits for purposes of this condition shall be determined after deducting only such amounts as are necessary for contribution to its reserve fund in accordance with section 39 of the Bombay Co-operative Societies Act, 1925. Where with the prior approval of Government other appropriations from the profits are made, the net profits may be determined after deducting such appropriations.

(2) The Society shall keep the guaranteed amount in a separate account with the Bombay Provincial Co-operative Bank and shall utilise the same for the payment of the guaranteed dividend to its members as aforesaid and f[illegible]

no other purpose whatsoever and the Government shall be entitled to the immediate return of any sum not required for or remaining unapplied towards the payment of the guaranteed dividend aforesaid.

(3) The Society shall refund to the Government the guarantee-amount from time to time paid by the Government from the surplus profits of the Society available for distribution in any year and the Government shall have a first charge thereon for the repayment of the guarantee-amounts so paid by the Government.

(4) The Society shall not declare a dividend higher than 3½ per cent. So long as any amount in respect of the guarantee remains to be paid to Government. Thereafter no dividend higher than 4½ per cent. will be ~~x~~ paid without the prior consent of Government.

(5) The Government will be entitled to nominate two Directors (not removable by rotation or otherwise) on the Board of Directors of the Society.

(6) The Society shall furnish to the Secretary to the Government of Bombay, Development Department, or as may be otherwise required by the Government a true copy of all resolutions passed ~~x~~ either by the Board of Directors of the Society or in general meeting of the Society, within 15 days from the passing of such resolution by the Board or the meeting, as the case may be.

(7) Government shall be entitled to get the accounts of the Society audited at any time through the Accountant General or by its own auditors and such auditors shall have the same rights and privileges as the auditors appointd by the Society.

(8) Government shall have the right of superseding the Board of Management and of appointing a new one for a period which may extend at any time up to 3 years, if in the opinion of Government there exists an emergency in the affairs of the Society or Government is satisfied that the Society is not following canons of prudent finance.

(9) The Society shall amend its bye-laws wherever necessary in the light of the above conditions.

By order of and in the name of the Governor of Bombay,
Secretary to Government .

BKS.
4/7.